

**Summary: Executive Budget Recommendation  
for Fiscal Year 2018-19  
TOTAL GENERAL GOVERNMENT**



**Analyst: Ben Gielczyk  
Michael Cnossen**

	FY 2017-18 Year-to-Date as of 2/8/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
<b>IDG/IDT</b>	\$782,493,800	\$821,066,200	\$38,572,400	4.9
<b>Federal</b>	807,906,500	808,698,700	792,200	0.1
<b>Local</b>	17,332,700	15,977,300	(1,355,400)	(7.8)
<b>Private</b>	6,244,900	6,247,400	2,500	0.0
<b>Restricted</b>	2,185,898,800	2,210,623,600	24,724,800	1.1
<b>GF/GP</b>	1,250,729,600	1,110,473,500	(140,256,100)	(11.2)
<b>Gross</b>	<b>\$5,050,606,300</b>	<b>\$4,973,086,700</b>	<b>(\$77,519,600)</b>	<b>(1.5)</b>
<b>FTEs</b>	8,591.7	8,781.7	190.0	2.2

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 8, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

Currently, the following departmental and agency budgets are included in the General Government budget: Executive Office, Legislature, Legislative Auditor General, and the Departments of Attorney General, Civil Rights, State, Technology, Management, and Budget (including the former Departments of Civil Service and Information Technology, and State Building Authority rent costs), Treasury (including the Bureau of State Lottery, Michigan Gaming Control Board, State Building Authority, Revenue Sharing, and Debt Service), and Talent and Economic Development (including Michigan Strategic Fund, Michigan State Housing Development Authority, Talent Investment Agency, Unemployment Insurance Agency, and Workforce Development Agency). **Budget issues are listed by department on the following pages.**

**Summary pages for individual department/agency budgets contained within the current FY 2017-18 General Government appropriations bill follow this page.**

**Major Boilerplate Changes From FY 2017-18**

**Sec. 211. Budget Stabilization Fund Pay-In – REVISED**

The FY 2017-18 pay-in was \$150.0 million, which was appropriated in appropriations act 2017 PA 107. For FY 2018-19, the Executive Recommendation includes a pay-in of \$0.0. However, 25% of the GF/GP appropriation lapses for FY 2017-18 would be required to be deposited in the Budget Stabilization Fund.

**Sec. 216. Receipt and Retention of Required Reports - DELETED**

Requires departments to receive and retain copies of all reports required in Article VIII; requires federal and state guidelines to be followed for short-term and long-term retention of records; authorizes departments to electronically retain copies of reports unless otherwise required by federal and state guidelines.

**Sec. 217. Fund Sourcing Priorities - DELETED**

Requires federal or private grant funding to be used prior to General Fund appropriations when available for the same expenditure.

**Sec. 218. Disciplinary Action Against State Employees - DELETED**

Prohibits departments from taking disciplinary action against employees for communicating with legislators or their staff.

**Sec. 221. Reporting Requirement on Policy Changes - DELETED**

Requires departments to report on policy changes made in order to implement enacted legislation.

**Sec. 229. Initiatives and Recommendations Related to Savings Identified in Audit Reports - DELETED**

Requires departments to report on their efforts and progress made toward achieving savings and efficiencies identified by the auditor general in audit reports.

**Sec. 235. Federal Funding Contingency Plan – DELETED**

Requires the State Budget Director, in consultation with the appropriate department, to recommend a contingency plan for the federal funding reduction. Requires report by April 1.

**Major Boilerplate Changes From FY 2017-18**

***Sec. 240. New Program Metrics - REVISED***

Requires the State Budget Office provide a list of new programs and program enhancements that exceed \$500,000. Also requires identified programs to use program-specific measuring metrics in addition to the metrics required under Section 447 of the Management and Budget Act. The State Budget Office shall provide a report on the metrics and performance progress of identified programs by September 30. Express intent that future program funding increases be based on prior performance. Revises the due date of the required report and does not include the stated intent of the Legislature that the Governor consider performances of new programs as the basis for any increase in funds appropriated from the prior year.

**Summary: Executive Budget Recommendation  
for Fiscal Year 2018-19  
ATTORNEY GENERAL**



**Analyst: Michael Cnossen**

	FY 2017-18 Year-to-Date as of 2/8/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
<b>IDG/IDT</b>	\$29,915,300	\$30,386,400	\$471,100	1.6
<b>Federal</b>	9,518,000	9,628,500	110,500	1.2
<b>Local</b>	0	0	0	--
<b>Private</b>	0	0	0	--
<b>Restricted</b>	22,116,900	21,907,200	(209,700)	(0.9)
<b>GF/GP</b>	40,248,600	40,106,800	(141,800)	(0.4)
<b>Gross</b>	<b>\$101,798,800</b>	<b>\$102,028,900</b>	<b>\$230,100</b>	<b>0.2</b>
<b>FTEs</b>	536.0	536.0	0.0	0.0

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 8, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Attorney General serves as legal counsel for state departments, agencies, boards, and commissions, and their officers, brings actions and intervenes in cases on the state's behalf, and represents legislators and judges who may be sued while acting in their official capacities. The Attorney General issues opinions on questions of law submitted by members of the Legislature and others, serves as chief law enforcement officer of the state, and has supervisory powers over all local prosecuting attorneys.

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>	<b>FY 2017-18 YTD (as of 2/8/18)</b>	<b>Executive Change from YTD</b>
<b>1. Medical Marihuana Enforcement</b>		
Includes an additional \$126,700 state restricted to accommodate full year costs for legal support of medical marihuana regulatory oversight as described in Public Acts 281 – 283 of 2016 for a total FY 2018-19 appropriation of \$501,700 state restricted. Legal support services include investigating and prosecuting violations of the acts and rules governing the licensing of medical marihuana facilities.	FTE 4.0 Gross \$375,000 Restricted 375,000 GF/GP \$0	0.0 \$126,700 126,700 \$0
<b>2. Flint Special Counsel Investigation</b>		
Maintains \$2.6 million from the Lawsuit Settlement Proceeds Fund to support the ongoing investigation of activities associated with the Flint Declaration of Emergency due to drinking water and the resulting prosecutions led by an independent special counsel.	Gross \$2,600,000 Restricted 2,600,000 GF/GP \$0	\$0 0 \$0
<b>3. PACC Juvenile Life Without Parole Cases</b>		
Removes \$700,000 GF/GP one-time funding to local prosecutors for legal services related to the reconsideration of juvenile life without parole case sentences.	Gross \$700,000 GF/GP \$700,000	(\$700,000) (\$700,000)
<b>4. PACC NextGen IT System</b>		
Removes \$600,000 in restricted, one-time funding from the Lawsuit Settlement Proceeds Fund used by the Prosecuting Attorneys Coordination Council to upgrade its legacy case management IT system.	Gross \$600,000 Restricted 600,000 GF/GP \$0	(\$600,000) (600,000) \$0
<b>5. Economic Adjustments</b>		
Reflects increased costs of \$1.4 million Gross (\$558,200 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Gross NA IDG NA Federal NA Restricted NA GF/GP NA	\$1,403,400 471,100 110,500 263,600 \$558,200

**Major Boilerplate Changes From FY 2017-18**

***Sec. 314a. PACC Juvenile Life Without Parole Cases – DELETED***

Specifies \$700,000 to be set aside for investigations, crime victim rights, prosecutions, and appeals for retroactive juvenile life without parole cases. This section was introduced in FY 2017-18 and corresponded with the one-time appropriation of \$700,000 GF/GP which was not included in FY 2018-19.

***Sec. 314. Lawsuit Settlement Proceeds Fund – REVISED***

Allows the department the use of lawsuit settlement proceeds for expenses related to the Flint Declaration of Emergency due to drinking water contamination up to a maximum of \$2.6 million and requires a quarterly expenditures report itemized by case, purpose, hourly rate of the retained attorney, and department involved. Authorizes \$600,000 to be used by the Prosecuting Attorneys Coordinating Council to upgrade its IT case management system. Authorizes \$180,000 to be used to support a single FTE costs associated with implementing the duties prescribed under PA 550 2016, The Bad-Faith Patent Infringement Claims Act. Revises by removing the requirement to report the hourly rate of the retained attorney for the Flint water investigation and by deleting the subsection authorizing the one-time funding for the PACC IT case management system.

<b><u>Supplemental Recommendations for FY 2017-18 Appropriations</u></b>		<b><u>FY 2017-18 Recommendation</u></b>
<b><i>1. Investigation into the Handling of Sexual Misconduct at Michigan State University</i></b>	<b>Gross</b>	<b>\$1,000,000</b>
Appropriates \$1.0 million GF/GP for the investigation into systemic mishandling of reports of sexual misconduct at Michigan State University. The investigation will be led by an outside Special Prosecutor and supported by department personnel. The Department anticipates concluding the investigation by September 2018.	<b>GF/GP</b>	<b>\$1,000,000</b>

**Summary: Executive Budget Recommendation  
for Fiscal Year 2018-19  
DEPARTMENT OF CIVIL RIGHTS**



**Analyst: Michael Cnossen**

	FY 2017-18 Year-to-Date as of 2/8/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
IDG/IDT	\$296,600	\$299,100	\$2,500	0.8
Federal	2,775,800	2,802,700	26,900	1.0
Local	0	0	0	--
Private	18,700	18,700	0	0.0
Restricted	151,900	58,500	(93,400)	(61.5)
GF/GP	13,006,600	13,022,100	15,500	0.1
<b>Gross</b>	<b>\$16,249,600</b>	<b>\$16,201,100</b>	<b>(\$48,500)</b>	<b>(0.3)</b>
FTEs	116.0	116.0	0.0	0.0

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 8, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, national origin, sex, age, marital status, height, weight, arrest record, or physical and mental disabilities. The Commission is directed to "secure the equal protection of such civil rights without such discrimination." The Department of Civil Rights serves as the administrative arm charged with implementing policies of the Commission. The department works to prevent discrimination through educational programs that promote voluntary compliance with civil rights laws, investigates and resolves discrimination complaints, disseminates information on the rights and responsibilities of Michigan citizens as provided by law, and provides information and services to businesses on diversity initiatives, equal employment law, procurement opportunities, feasibility studies, and joint venture/strategic alliance matchmaking.

**Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations**

**1. Deaf, DeafBlind, and Hard of Hearing Transfer to LARA**

Transfers \$93,400 state restricted from the Department of Civil Rights (DCR) to the Department of Licensing and Regulatory Affairs in accordance with Executive Order No. 2017-8 which transfers the responsibilities set forth in the Deaf Persons' Interpreters Act, PA 204 of 1982 and the spending authorization of certification fees from the Division on Deafness Fund. This transfer only includes the Division on Deaf, DeafBlind, and Hard of Hearing funding responsible for interpreter licensing. \$715,600 Gross (\$696,900 GF/GP) remains in DCR for duties prescribed under the Division on Deafness Act, 1937 PA 72.

	FY 2017-18 YTD (as of 2/8/18)	Executive Change from YTD
<b>Gross</b>	<b>\$93,400</b>	<b>(\$93,400)</b>
Restricted	93,400	(93,400)
GF/GP	\$0	\$0

**2. Deaf, DeafBlind, and Hard of Hearing Needs Assessment**

Removes \$150,000 GF/GP of one-time funding used to survey the deaf, deafblind, and hard of hearing community throughout the state to determine its size, needs, and barriers to government service as well as to collect data for developing a long-term strategic plan.

<b>Gross</b>	<b>\$150,000</b>	<b>(\$150,000)</b>
GF/GP	\$150,000	(\$150,000)

**3. Economic Adjustments**

Reflects increased costs of \$194,900 Gross (\$165,500 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

<b>Gross</b>	<b>NA</b>	<b>\$194,900</b>
IDG	NA	2,500
Federal	NA	26,900
GF/GP	NA	\$165,500

**Major Boilerplate Changes From FY 2017-18**

There are no major boilerplate changes in FY 2018-19.

**Summary: Executive Budget Recommendation  
for Fiscal Year 2018-19  
EXECUTIVE OFFICE**



**Analyst: Ben Gielczyk**

	FY 2017-18 Year-to-Date as of 2/8/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	0	0	0	--
GF/GP	\$6,848,500	\$6,980,100	131,600	1.9
<b>Gross</b>	<b>\$6,848,500</b>	<b>\$6,980,100</b>	<b>\$131,600</b>	<b>1.9</b>
FTEs	89.2	89.2	0.0	0.0

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 8, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Executive Office budget provides funding for the Governor, the Lieutenant Governor, and their staffs. Major constitutionally-specified responsibilities include organization and supervision of the Executive branch and annual preparation and submission of the Executive budget.

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>	<b>FY 2017-18 YTD (as of 2/8/18)</b>	<b>Executive Change from YTD</b>
<b>1. Operational Adjustments</b>	FTE 89.2	0.0
Reflects increased costs of \$131,600 GF/GP related to Executive Office staff and other operations.	<b>Gross \$6,848,500</b>	<b>\$131,600</b>
	GF/GP \$6,848,500	\$131,600

**Major Boilerplate Changes From FY 2017-18**

There are no major boilerplate changes in FY 2018-19.

**Summary: Executive Budget Recommendation  
for Fiscal Year 2018-19  
LEGISLATURE**



**Analyst: Ben Gielczyk**

	FY 2017-18 Year-to-Date as of 2/8/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	400,000	400,000	0	0.0
Restricted	4,277,700	4,394,300	116,600	2.7
GF/GP	150,597,100	152,487,500	1,890,400	1.3
<b>Gross</b>	<b>\$155,274,800</b>	<b>\$157,281,800</b>	<b>\$2,007,000</b>	<b>1.3</b>

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 8, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

This budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, the Legislative Retirement System, and Property Management. The Legislature enacts the laws of Michigan, levies taxes, and appropriates funding from revenue collected for the support of public institutions and the administration of the affairs of state government. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature. The Michigan Legislative Retirement System provides retirement allowances, survivors' allowances, and other benefits for members of the Legislature and their spouses, dependents, survivors, and beneficiaries. Property Management employees maintain, operate, and repair the Cora Anderson House of Representatives Office Building and Binsfield Senate Office Building. The Michigan State Capitol Historic Site includes the Capitol Building, its grounds and parking lot, and the Michigan State Capitol Commission.

**Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations**

**1. Legislature Operations**

Reflects increased costs of \$4.3 million Gross (\$4.1 million GF/GP) related to Legislative staff and other operations.

	FY 2017-18 YTD (as of 2/8/18)	Executive Change from YTD
<b>Gross</b>	<b>\$155,274,800</b>	<b>\$4,257,000</b>
Private	400,000	0
Restricted	4,277,700	116,600
GF/GP	\$150,597,100	\$4,140,400

**2. Legislative Information Technology Systems Design Project**

Includes a net reduction of \$2.3 million GF/GP in one-time appropriations related to operational and implementation costs associated with the Legislative IT System Design Project. Replaces \$3.0 million in FY 2017-18 one-time appropriations with \$750,000 GF/GP in FY 2018-19 one-time appropriations for ongoing maintenance of the system after completion.

<b>Gross</b>	<b>\$3,000,000</b>	<b>(\$2,250,000)</b>
GF/GP	\$3,000,000	(\$2,250,000)

**Major Boilerplate Changes From FY 2017-18**

There are no major boilerplate changes in FY 2018-19.

**Summary: Executive Budget Recommendation  
for Fiscal Year 2018-19  
LEGISLATIVE AUDITOR GENERAL**



**Analyst: Ben Gielczyk**

	FY 2017-18 Year-to-Date as of 2/8/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
<b>IDG/IDT</b>	\$5,709,200	\$5,823,400	\$114,200	2.0
<b>Federal</b>	0	0	0	--
<b>Local</b>	0	0	0	--
<b>Private</b>	0	0	0	--
<b>Restricted</b>	1,969,400	2,008,800	39,400	2.0
<b>GF/GP</b>	16,607,600	17,105,800	498,200	3.0
<b>Gross</b>	<b>\$24,286,200</b>	<b>\$24,938,000</b>	<b>\$651,800</b>	<b>2.7</b>

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 8, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Legislative Auditor General is responsible for conducting post financial and performance audits of state government operations. Audit reports provide a continuing flow of information to assist the Legislature in its oversight of approximately 100 individual state funds. Audit reports provide citizens with a measure of accountability and assist state departments and agencies in improving financial management of their operations. The goal of the Legislative Auditor General is to improve accounting and financial reporting practices and promote effectiveness, efficiency, and economy in state government. The mission is to improve the accountability of public funds and to improve the operations of state government for the benefit of the citizens of the state.

<b><u>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</u></b>	<b><u>FY 2017-18 YTD (as of 2/8/18)</u></b>	<b><u>Executive Change from YTD</u></b>
<b>1. Auditor General Operations</b>	<b>Gross</b> \$24,286,200	<b>\$651,800</b>
Reflects increased costs of \$651,800 Gross (\$498,200 GF/GP) related to Auditor General staff and other operations.	IDG 5,709,200	114,200
	Restricted 1,969,400	39,400
	GF/GP \$16,607,600	\$498,200

**Major Boilerplate Changes From FY 2017-18**

There are no major boilerplate changes in FY 2018-19.



**Summary: Executive Budget Recommendation  
for Fiscal Year 2018-19  
DEPARTMENT OF STATE**



**Analyst: Michael Cnossen**

	FY 2017-18	FY 2018-19	Difference: FY 2018-19	
	Year-to-Date as of 2/8/18	Executive	Amount	%
<b>IDG/IDT</b>	\$20,000,000	\$20,000,000	\$0	0.0
<b>Federal</b>	1,460,000	1,460,000	0	0.0
<b>Local</b>	0	0	0	--
<b>Private</b>	50,100	50,100	0	0.0
<b>Restricted</b>	208,709,400	214,686,400	5,977,000	2.9
<b>GF/GP</b>	24,139,000	18,466,300	(5,672,700)	(23.5)
<b>Gross</b>	<b>\$254,358,500</b>	<b>\$254,662,800</b>	<b>\$304,300</b>	<b>0.1</b>
<b>FTEs</b>	1,592.0	1,592.0	0.0	0.0

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 8, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Department of State (DOS) is the oldest department in Michigan state government. It is administered by the Secretary of State, an elected official who serves a four-year term of office and has constitutional and statutory duties. Services provided by the department include: registering and titling automobiles, watercraft, and recreational vehicles; regulating automobile dealers and repair facilities; registering voters and administering elections; and streamlining the collection of revenue. The department operates programs designed to enhance driver safety, protect automotive consumers, and ensure the integrity of both the motor vehicle administration system and the statewide elections process.

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>		<b>FY 2017-18 YTD (as of 2/8/18)</b>	<b>Executive Change from YTD</b>
<b>1. Driver License Vendor Contract Extension</b>	<b>Gross</b>	<b>\$0</b>	<b>\$925,000</b>
Provides \$925,000 state restricted for a contract extension with the current vendor responsible for producing driver licenses and a server upgrade to provide greater data security.	Restricted	0	925,000
	GF/GP	0	\$0
<b>2. IT Cost Increase</b>	<b>Gross</b>	<b>\$37,452,100</b>	<b>\$800,000</b>
Provides \$800,000 state restricted to accommodate rate increases for services provided by DTMB and for a contract for a disaster recovery solution for the Qualified Voter File registry.	Restricted	35,860,700	800,000
	GF/GP	\$1,591,400	\$0
<b>3. Commercial Driver License Testing Kiosks</b>	<b>Gross</b>	<b>NA</b>	<b>\$500,000</b>
Provides \$500,000 state restricted to offset the anticipated loss of federal funding for kiosks in branch offices used for computerized Commercial Driver License testing.	Restricted	NA	500,000
	GF/GP	NA	\$0
<b>4. Fund Shift GF Reduction</b>	<b>Gross</b>	<b>\$1,148,300</b>	<b>\$0</b>
Replaces \$1.1 million GF/GP with a corresponding amount of state restricted Transportation Administration Collection Fund (TACF) for a net change of \$0 Gross.	Restricted	0	1,148,300
	GF/GP	\$1,148,300	(\$1,148,300)
<b>5. Voting Machine One-time Funding</b>	<b>Gross</b>	<b>\$5,000,000</b>	<b>(\$5,000,000)</b>
Removes \$5.0 million GF/GP included as one-time funding in PA 158 of 2017 for new voting machines statewide.	GF/GP	\$5,000,000	(\$5,000,000)
<b>6. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$3,079,300</b>
Reflects increased costs of \$3.1 million Gross (\$475,600 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Restricted	NA	2,603,700
	GF/GP	NA	\$475,600

**Major Boilerplate Changes From FY 2017-18**

***Sec. 716b. Business Application Modernization (BAM) Project Report – DELETED***

Requires the Department of State to report on funding expended for the BAM IT modernization project since its inception.

***Sec. 718. Buena Vista Township Branch Office – DELETED***

Requires the Department to maintain a full-service Secretary of State branch office in Buena Vista Township.

**Supplemental Recommendations for FY 2017-18 Appropriations**

**FY 2017-18  
Recommendation**

***1. HAVA Interest Earnings for Voting Machines***

Appropriates \$4.0 million in federal funds from interest earned on funds carried forward from previous Help America Vote Act appropriations to complete the purchasing of new statewide voting machines. New voting machines are expected to be in place in time for August 2018 elections.

<b>Gross</b>	<b>\$4,000,000</b>
Federal	4,000,000
GF/GP	\$0

**Summary: Executive Budget Recommendation  
for Fiscal Year 2018-19  
DEPARTMENT OF TECHNOLOGY, MANAGEMENT, BUDGET**



**Analyst: Michael Cnossen**

	FY 2017-18 Year-to-Date as of 2/8/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
<b>IDG/IDT</b>	\$713,959,000	\$751,777,000	\$37,818,000	5.3
<b>Federal</b>	4,985,300	5,033,700	48,400	1.0
<b>Local</b>	2,316,700	2,341,600	24,900	1.1
<b>Private</b>	127,700	129,400	1,700	1.3
<b>Restricted</b>	111,399,300	114,457,400	3,058,100	2.7
<b>GF/GP</b>	579,855,200	486,765,800	(93,089,400)	(16.1)
<b>Gross</b>	<b>\$1,412,643,200</b>	<b>\$1,360,504,900</b>	<b>(\$52,138,300)</b>	<b>(3.7)</b>
<b>FTEs</b>	2,943.0	3,122.0	179.0	6.1

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 8, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Department of Technology, Management, and Budget (DTMB) has legal authority under the Management and Budget Act, 1984 PA 431, and is the central management element of the Executive branch of state government. DTMB is an interdepartmental service and management agency responsible for all of the following: ensuring proper financial record keeping for state agencies; overseeing capital outlay projects; managing state facilities, property, and leases; implementing state procurement; operating the state's retirement systems; supervising the state motor vehicle fleet; administering travel policies; providing office support services to state agencies; executing information technology projects; centralizing information technology policy-making; and unifying strategic information technology planning. Autonomous units within DTMB include: the State Budget Office, Office of the State Employer, Civil Service Commission, Office of Retirement Services, State Building Authority, State Administrative Board, and the Office of Children's Ombudsman.

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>	<b>FY 2017-18 YTD (as of 2/8/18)</b>	<b>Executive Change from YTD</b>
<b>1. State Building Authority (SBA) Rent Increase</b>	<b>Gross \$246,570,600</b>	<b>\$19,186,400</b>
Adds \$19.2 million GF/GP to cover anticipated debt service obligations associated with capital outlay projects authorized for construction. The increase does not include \$8.5 million GF/GP for debt service associated with two new DMVA veterans' homes and the Capitol Restoration projects due to recommended payoff of those projects in a FY 2017-18 supplemental request (see Capital Outlay).	GF/GP \$246,570,600	\$19,186,400
<b>2. EPMO IT Management Services</b>	FTE NA	11.0
Provides \$2.0 million GF/GP and 11.0 FTEs to expand the Enterprise Portfolio Management Office (EPMO) IT project management services across the portfolio of enterprise IT projects to establish more standardized and efficient IT management processes and controls.	<b>Gross NA</b>	<b>\$2,010,000</b>
	GF/GP NA	\$2,010,000
<b>3. Regional Prosperity Grants Increase</b>	FTE 0.0	1.0
Adds \$1.5 million GF/GP and 1.0 FTE to increase grants to designated economic regions defined by the Regional Prosperity Initiative to encourage private, public, and non-profit partners to collaborate on developing economic visions and on efforts to achieve them. The additional grants would permit funding for infrastructure asset management projects and bring the program's total annual grant funding to \$4.0 million GF/GP.	<b>Gross \$2,500,000</b>	<b>\$1,500,000</b>
	GF/GP \$2,500,000	\$1,500,000
<b>4. IT Personnel Retention Incentives</b>	<b>Gross \$0</b>	<b>\$1,500,000</b>
Provides \$1.5 million GF/GP to offer pay-per-performance incentives to retain talent among the state's IT personnel.	GF/GP \$0	\$1,500,000

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>	<b>FY 2017-18 YTD (as of 2/8/18)</b>		<b>Executive Change from YTD</b>
<b>5. Procurement Improvement Plan Completion</b>	FTE	0.0	6.0
Provides \$891,900 state restricted and 6.0 FTEs for ongoing support of improved procurement operations following the guidelines set forth in Executive Order No. 2015-1. Funding will cover the costs of permanent supplier relationship management, contract management, and an enterprise-wide professional development certification program for procurement professionals.	<b>Gross</b>	<b>\$0</b>	<b>\$891,900</b>
	Restricted	0	891,900
	GF/GP	\$0	\$0
<b>6. Financial Services Support</b>	FTE	0.0	6.0
Provides \$559,400 Gross (\$12,900 GF/GP) and 6.0 FTEs to support an increased workload related to procurement of IT hardware and software and to reduce agency services billing errors.	<b>Gross</b>	<b>\$0</b>	<b>\$559,400</b>
	IDG	0	317,900
	Restricted	0	228,600
	GF/GP	\$0	\$12,900
<b>7. Michigan Cyber Civilian Corps</b>	<b>Gross</b>	<b>\$0</b>	<b>\$420,000</b>
Provides \$420,000 one-time state restricted funding to support the expansion of members in the expert volunteer force as well as updated training. The Cyber Civilian Corps (MiC3) is established to provide emergency responses to cyber security threats upon the request of a municipal, educational, non-profit, or business organization.	Restricted	0	420,000
	GF/GP	\$0	\$0
<b>8. FY 2018-19 IT IDG Baseline Adjustment</b>	<b>Gross</b>	<b>\$520,487,100</b>	<b>\$31,023,400</b>
Adjusts the DTMB Information Technology IDG authorization up \$31.0 million IDG to reflect projects and service adjustments in other agency budgets, administrative cost allocation changes, and IT budgetary requests made by agencies.	IDG	520,487,100	31,023,400
	GF/GP	\$0	\$0
<b>9. School Reform Office Transfer to MDE</b>	FTE	11.0	(11.0)
Transfers \$3.4 million GF/GP and 11.0 FTEs to the Department of Education per Executive Order No. 2017-5 for the organizational transfer of the School Reform Office.	<b>Gross</b>	<b>\$3,115,100</b>	<b>(\$3,353,800)</b>
	GF/GP	\$3,115,100	(\$3,353,800)
<b>10. Information Technology Investment Fund (ITIF)</b>	<b>Gross</b>	<b>\$72,500,000</b>	<b>(\$32,500,000)</b>
Reduces \$32.5 million GF/GP from the IT modernization project portfolio to reflect the decreased costs due to the completion of SIGMA. The remaining \$40.0 million GF/GP would be used to support ongoing modernization projects and six new projects.	GF/GP	\$72,500,000	(\$32,500,000)
<b>11. Homeland Security Initiatives/Cyber Security</b>	<b>Gross</b>	<b>\$16,169,300</b>	<b>(\$1,000,000)</b>
Reduces \$1.0 million GF/GP due to the extension of the timeframe for developments in the State enterprise data network.	GF/GP	\$16,169,300	(\$1,000,000)
<b>12. State Police Retirement Services</b>	<b>Gross</b>	<b>NA</b>	<b>(\$87,000)</b>
Adjusts authorization to the State Police Employee Retirement System (SPERS) by reducing \$87,000 GF/GP for anticipated supplemental payments per 2015 PA 168.	GF/GP	NA	(\$87,000)
<b>13. Special Maintenance for State Facilities</b>	<b>Gross</b>	<b>\$2,000,000</b>	<b>\$1,800,000</b>
Provides an additional \$1.8 million IDG to support increased statewide utility cost increases and other building service contractual costs such as janitorial, security guards, and elevator maintenance. Funds are also included to start the process of standardizing all Automated External Defibrillators (AED) in state owned buildings.	IDG	2,000,000	1,800,000
	GF/GP	\$0	\$0
<b>14. Professional Development Funds</b>	<b>Gross</b>	<b>\$250,000</b>	<b>(\$50,000)</b>
Reduces \$50,000 IDG from employer contributions for professional development of non-union represented state employees (NERES). The reduction is related to collective bargaining agreements and was approved by the Civil Service Commission in December 2017.	IDG	250,000	(50,000)
	GF/GP	\$0	\$0
<b>15. SWCAP Adjustment</b>	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
Reallocates fund sourcing associated with Statewide Cost Allocation Plan (SWCAP) for a net change of \$0 Gross and reduction of \$45,100 GF/GP.	IDG	NA	(36,300)
	Restricted	NA	81,400
	GF/GP	NA	(\$45,100)
<b>16. Drinking Water Declaration of Emergency Reserve Fund</b>	<b>Gross</b>	<b>NA</b>	<b>\$100</b>
Adds a \$100 Restricted placeholder to accommodate future transfers.	Restricted	NA	100
	GF/GP	NA	\$0

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>	<b>FY 2017-18 YTD (as of 2/8/18)</b>	<b>Executive Change from YTD</b>	
<b>17. Additional FTE Request</b>	FTE	2,937.0	167.0
Adds 167.0 classified FTEs to align department FTE totals with appropriated funds and associated positions.	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
	GF/GP	NA	\$0
<b>18. Removal of Current Year One-Time Funding</b>	<b>Gross</b>	<b>\$82,125,100</b>	<b>(\$82,125,100)</b>
Removes \$82.1 million GF/GP of one-time funding from ten items. These items are \$2.0 million for citizen-centric government IT initiatives, \$25.0 million for the Drinking Water Declaration of Emergency Reserve Fund, \$3.7 million additional funding for Homeland Security Initiative/Cyber Security, \$35.0 million for the Michigan Infrastructure Fund, \$5.0 million for the Michigan Public Safety Communications System, \$2.1 million for MAIN closeout, \$6.2 million for the Michigan.gov CMS, \$300,000 for a procurement review pilot program, \$353,000 for the School Reform Office, \$2.4 million and 10.0 FTEs for SIGMA transition support, and \$100,000 for MDOT's MiTRIP system enhancement. NOTE: Additional \$7.5 million in one-time funding for the IT Investment Fund (ITIF) was accounted for above in item #10.	GF/GP	\$82,125,100	(\$82,125,100)
<b>19. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$8,086,400</b>
Reflects increased costs of \$3.1 million Gross (\$475,600 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	4,763,000
	Federal	NA	48,400
	Local	NA	24,900
	Private	NA	1,700
	Restricted	NA	1,436,100
	GF/GP	NA	\$1,812,300

### **Major Boilerplate Changes From FY 2017-18**

#### **Sec. 810a. Vendor Review Pilot Program - DELETED**

Requires a pilot project be established using a third-party vendor that will provide comprehensive information on all vendors with which the State conducts business.

#### **Sec. 822. Report on Unclassified Salaries - DELETED**

Requires a report on individual appointee and unclassified employee salaries by January 1.

#### **Sec. 822d. Regional Prosperity Initiative - REVISED**

Provides for the regional prosperity grant program, which offers economic and workforce development planning grants to eligible regional planning organizations working in collaboration with local governmental, non-profit, business, and educational community partners. Revises incentive-based funding grant amounts and creates one-time grants for integrated infrastructure asset management initiatives under the guidance of the Michigan Infrastructure Council; dedicates 0.3 FTE at \$30,000 to manage grant evaluations.

#### **Sec. 822i. School Reform Office – DELETED**

Requires public schools placed in the reform district to comply with all state and federal laws concerning special education; requires report on the number of students who have an individualized education program and the performance results after the change in school governance.

#### **Sec. 822l. School Reform Office Hearings – DELETED**

Requires the SRO to conduct one public hearing in the district that the SRO will intervene in; requires the office to give advance notice of the hearing and provide an academic improvement plan outline and projected time frame of involvement.

#### **Sec 822m. Vendor Performance Tracking - DELETED**

Requires DTMB to establish a vendor performance tracking system that collaborates with other departments to collect information to factor in to the determination of awarding future contracts in the procurement process.

#### **Sec. 822n. Request for Proposals Website – DELETED**

Requires DTMB to establish a request for proposals (RFP) website that is searchable by department and agency.

#### **Sec. 822o. School Reform Office Coordination – DELETED**

Requires the SRO to make an effort to coordinate with the Department of Education to streamline state services and resources, reduce duplication, and increase efficiency.

#### **Sec. 828. IT Appropriations and Expenditures Report - DELETED**

Requires a report on the total appropriations and expenditures for IT related services and projects for all executive departments and agencies.

## **Major Boilerplate Changes From FY 2017-18**

### **Sec. 829. Life-Cycle of Hardware and Software – DELETED**

Requires report that analyzes and makes recommendations on the life-cycle of IT hardware and software.

### **Sec. 830. IT Contract Change Orders – DELETED**

Requires a report on IT change orders and contract extensions for contracts greater than \$50,000 entered into by DTMB.

### **Sec. 832. Child Support Enforcement System – DELETED**

Requires DTMB to notify the legislature of potential or actual penalties for failure of Michigan Child Support Enforcement System to achieve federal certification; requires additional reporting in the event of penalties being imposed.

### **Sec. 836a. Cyber Security Investment Projects – DELETED**

Explains the purpose of cyber security improvements to enhance network security, develop comprehensive security framework and additional goals; requires an annual report on the outcomes of the stated goals.

### **Sec. 837. Citizen Centric Government IT Initiative – DELETED**

Requires the development and use of metrics for activities related to MiLogin and other Citizen Centric initiatives; requires an annual report to describe the measures developed and the results of these measures.

### **Sec. 840. EPMO Performance Measures – NEW**

Requires the development and use of metrics for activities related to funds appropriated to the Enterprise Portfolio Management Office.

### **Sec. 880. Drinking Water Declaration of Emergency Reserve Fund – DELETED**

Provides information on the Drinking Water Declaration of Emergency Reserve Fund; requires a legislative appropriation or transfer for spending use; authorizes the end of year balance to be carried forward.

## **Supplemental Recommendations for FY 2017-18 Appropriations**

### **1. State Broadband Initiative**

Provides \$20.0 million Gross (\$13.6 million GF/GP) to initiate a state strategy to expand broadband access to underserved areas. The investment would support the creation of the Michigan Consortium of Advanced Networks, per Executive Order No. 2018-2, as an advisory body charged with developing a strategic roadmap. The investment would also support competitive grants distributed in accordance with the strategic roadmap.

	<b>Gross</b>	<b>FY 2017-18 Recommendation</b>
	<b>\$20,000,000</b>	
Restricted		6,380,000
GF/GP		\$13,620,000

### **2. Enterprise Special Maintenance**

Provides \$3.0 million GF/GP to support demolitions of surplus state-owned facilities to include structures at the Caro Center Psychiatric Hospital.

<b>Gross</b>	<b>\$3,000,000</b>
GF/GP	\$3,000,000

### **3. Gubernatorial Transition Costs**

Provides \$1.75 million GF/GP to support the costs of the upcoming gubernatorial transition. Costs include office space leasing, office equipment and supplies contracts, and outgoing FTE accrued benefits, among other things.

<b>Gross</b>	<b>\$1,750,000</b>
GF/GP	\$1,750,000

### **4. State Education Governance Study**

Provides \$100,000 GF/GP to support the selection of a vendor to conduct a study into the role, function, and value of state boards of education in education governance.

<b>Gross</b>	<b>\$100,000</b>
GF/GP	\$100,000

**Summary: Executive Budget Recommendation  
for Fiscal Year 2018-19  
DEPARTMENT OF TREASURY**



**Analyst: Ben Gielczyk**

	FY 2017-18 Year-to-Date as of 2/8/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
<b>IDG/IDT</b>	\$12,613,700	\$12,780,300	\$166,600	1.3
<b>Federal</b>	27,022,600	27,128,000	105,400	0.4
<b>Local</b>	14,516,000	13,135,700	(1,380,300)	(9.5)
<b>Private</b>	27,500	27,500	0	0.0
<b>Restricted</b>	1,631,217,500	1,669,678,700	38,461,200	2.4
<b>GF/GP</b>	214,327,600	208,793,300	(5,534,300)	(2.6)
<b>Gross</b>	<b>\$1,899,724,900</b>	<b>\$1,931,543,500</b>	<b>\$31,818,600</b>	<b>1.7</b>
<b>FTEs</b>	1,862.5	1,870.5	8.0	0.4

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 8, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Department of Treasury is the chief fiscal agency of the state and the primary source of advice to the Governor on tax and fiscal policy issues. The Department's mission is to collect state taxes; to invest, control, and disburse state monies; and to protect the state's credit rating and that of its cities. The Department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. It also investigates fraudulent financial activity, provides assistance on all property tax-related issues and advises issuers of municipal obligations. The Bureau of State Lottery, the Michigan Gaming Control Board (MGCB), and State Building Authority (SBA) are autonomous agencies housed within the Department of Treasury.

**Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations**

		FY 2017-18 YTD (as of 2/8/18)	Executive Change from YTD
<b>1. Constitutional Revenue Sharing</b>	<b>Gross</b>	<b>\$798,087,800</b>	<b>\$34,256,000</b>
Increases Constitutional revenue sharing by \$34.3 million in restricted sales tax revenue relative to the FY 2017-18 budget act appropriated amount. When compared to updated January CREC estimates for FY 2017-18 it reflects a \$24.7 million (3.1%) increase.	Restricted	798,087,800	34,256,000
	GF/GP	\$0	\$0
<b>2. City, Village, and Township Revenue Sharing</b>	<b>Gross</b>	<b>\$248,850,000</b>	<b>(\$5,800,000)</b>
Eliminates \$5.8 million in restricted sales tax revenue considered one-time appropriations for City, Village, and Township (CVT) Revenue Sharing. 101 CVTs (100 townships and 1 city) that were newly eligible in FY 2014-15 due to the inclusion of the \$5.8 million would no longer be eligible for a CVT Revenue Sharing payment in FY 2018-19.	Restricted	248,850,000	(5,800,000)
	GF/GP	\$0	\$0
<b>3. Supplemental CVT Revenue Sharing</b>	<b>Gross</b>	<b>\$6,200,000</b>	<b>(\$6,200,000)</b>
Eliminates \$6.2 million GF/GP included in FY 2017-18 as one-time Supplemental CVT Revenue Sharing distributed to all units eligible to receive a CVT Revenue Sharing payment on a per capita basis.	GF/GP	\$6,200,000	(\$6,200,000)
<b>4. County Revenue Sharing/County Incentive Program</b>	<b>Gross</b>	<b>\$220,087,200</b>	<b>(\$1,861,700)</b>
Includes a net reduction of \$1.9 million Gross (\$2.2 million GF/GP) for County Revenue Sharing. Adjustment includes increase of \$317,400 in restricted sales tax revenue to accommodate 3 additional counties that are expected to exhaust their revenue sharing reserve funds in FY 2018-19 and a decrease of \$2.2 million GF/GP to reduce County Revenue Sharing payments to an amount 1% above statutory full-funding from an amount 2% above full-funding included in FY 2017-18. County Revenue Sharing accounts for 80.2% of appropriation and County Incentive Program accounts for 19.8%.	Restricted	217,908,100	317,400
	GF/GP	\$2,179,100	(\$2,179,100)

**Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations**

<b>5. Local Community Stabilization Authority Tier 3 Payment Redistribution Proposal (Non-budgetary proposal)</b>	<b>Gross</b>	<b>NA</b>	<b>NA</b>
Executive includes a plan to augment revenue sharing to cities, villages, townships, and counties through a redistribution of the Local Community Stabilization Authority (LCSA) Tier 3 payments. After guaranteeing a \$15.0 million appropriation for fire protection grants, the remaining funds would be allocated to counties (30%), cities (48%), villages (2%), and townships (5%) on a per capita basis with a calculated minimum of \$4,500 required to receive a distribution. Community colleges would receive the remaining 15%. NOTE: This is a proposal without a budgetary component. Changes and distributions would be made statutorily.	Restricted	NA	NA
	GF/GP	NA	NA
<b>6. Medical Marijuana Regulatory and Licensing Framework</b>	FTE	4.0	0.0
Increases by \$7.2 million Gross (\$0 GF/GP) to account for full-year costs associated with administrative personnel and grants to municipalities, counties, and county sheriffs to offset the costs associated with medical marijuana regulatory activities.	<b>Gross</b>	<b>\$4,635,000</b>	<b>\$7,157,100</b>
	Restricted	4,635,000	7,157,100
	GF/GP	\$0	\$0
<b>7. Information Technology System Enhancements</b>	<b>Gross</b>	<b>\$30,909,800</b>	<b>\$5,450,000</b>
Includes \$5.5 million GF/GP to accommodate costs associated with increased staffing for DTMB IT personnel working on necessary IT service requirements (\$2.3 million), continued mainframe legacy upgrades associated with Unisys (\$400,000), and cloud hosting services (\$2.8 million) to enhance data security on mandated projects.	IDG	400,000	0
	Federal	627,800	0
	Local	1,217,500	0
	Restricted	18,318,800	0
	GF/GP	\$10,345,700	\$5,450,000
<b>8. MI Thrive Program Administration</b>	FTE	0.0	1.0
Includes \$214,300 from the Brownfield Redevelopment Fund and 1.0 FTE for costs associated with administering the MI Thrive Brownfield Redevelopment Program. The position would calculate income tax generated from development and determine required payment to the developer.	<b>Gross</b>	<b>\$0</b>	<b>\$214,300</b>
	Restricted	0	214,300
	GF/GP	\$0	\$0
<b>9. Local Pension and Health Benefit Oversight</b>	FTE	0.0	2.0
Includes \$464,000 GF/GP for costs associated with reviewing the status, reports, and corrective action plans of local unit retirement health systems and retirement pension systems as required under the provisions of 2017 PA 202.	<b>Gross</b>	<b>\$0</b>	<b>\$464,000</b>
	GF/GP	\$0	\$464,000
<b>10. Bureau of State Lottery Staffing Increases</b>	FTE	191.0	5.0
Includes \$637,200 State Lottery Fund and 5.0 FTEs to accommodate the administration of the continued expansion in lottery gaming.	<b>Gross</b>	<b>\$25,619,700</b>	<b>\$637,200</b>
	Restricted	25,619,700	637,200
	GF/GP	\$0	\$0
<b>11. Restricted Fund Authorization Removal</b>	<b>Gross</b>	<b>\$158,700</b>	<b>(\$158,700)</b>
Eliminates \$158,700 in Emergency 911 Fund authorization due to funding no longer being available. Fund source supports Tax and Economic Policy line item.	Restricted	158,700	(158,700)
	GF/GP	\$0	\$0
<b>12. General Fund Target Reduction</b>	<b>Gross</b>	<b>NA</b>	<b>(\$750,000)</b>
Reduces multiple line items by a total of \$750,000 GF/GP to provide additional GF/GP savings. Reductions include Tax Compliance (\$350,000 GF/GP), Supervision of the General Property Tax Law (\$150,000 GF/GP), and Department Services (\$250,000 GF/GP).	GF/GP	NA	(\$750,000)
<b>13. Accounting Services User Charges</b>	FTE	24.0	0.0
Includes additional \$30,000 IDG authorization to authorize receipt of additional accounting user charges from Lottery and Casino Gaming. Current authorization level would not allow for collection of additional user charges.	<b>Gross</b>	<b>\$2,786,400</b>	<b>\$30,000</b>
	IDG	1,175,600	30,000
	Restricted	1,335,800	0
	GF/GP	\$275,000	\$0
<b>14. Removal of One-Time Appropriations and Grants</b>	<b>Gross</b>	<b>\$6,500,000</b>	<b>(\$6,500,000)</b>
Removes \$6.5 million Gross (\$3.5 million GF/GP) in other FY 2017-18 one-time appropriations. Appropriations include Beat the Streets (\$100,000 GF/GP), Urban Search and Rescue (\$900,000 GF/GP), Financial Data Analytic Tool Reimbursement for local government financial health (\$500,000 GF/GP), City income tax administration costs associated with implementation of Detroit sales and flow through withholding collections (\$1.5 million in local funds), Information Technology implementation costs associated with SAP (\$2.0 million GF/GP), and the Michigan Infrastructure Council (\$1.5 million from Michigan Infrastructure Fund).	Local	3,000,000	(3,000,000)
	GF/GP	\$3,500,000	(\$3,500,000)



<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>	<b>FY 2017-18 YTD (as of 2/8/18)</b>	<b>Executive Change from YTD</b>	
<b>15. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$4,880,400</b>
Reflects increased costs of \$4.9 million Gross (\$1.2 million GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	136,600
	Federal	NA	105,400
	Local	NA	119,700
	Restricted	NA	3,337,900
	GF/GP	NA	\$1,180,800

### **Major Boilerplate Changes From FY 2017-18**

#### **Sec. 902a. Notification of Bond Refinancing and Restructuring - DELETED**

Requires Department of Treasury to report, within 30 days after a new refinancing or restructuring bond sale, on the annual debt service changes, change in principal and interest over the duration of the debt, and the projected change in present value of the debt service due to the refinancing.

#### **Sec. 903. Tax Collection Contracts – REVISED**

Authorizes Treasury to contract with private collection agencies and law firms to collect taxes, accounts due the state, defaulted student loans, and accounts due to Michigan guaranty agencies; provides funds for collection costs and fees; requires report of agencies used, amounts collected, cost of collection, and other information. Requires amounts appropriated for defaulted student loan collections from exceeding 24.34% of the collection or a lesser amount prescribed in the contract. Requires department to issue an RFP for a secondary placement collections program. Allows for a multiple contract approach for a bidder to bid on a part or the entirety of the contract for primary and secondary collections. Revises to eliminate requirement that department issue an RFP for a secondary placement collections program.

#### **Sec. 936. Financial Data Analytical Tool Guidance - DELETED**

Requires funds appropriated in part 1 to be for reimbursement to counties, cities, villages, and townships for the cost of a data analytical tool that provides financial data analysis and early warning analysis. Requires DTMB to provide between 2 and 4 approved vendors by October 15, 2017.

#### **Sec. 943. Medical Marijuana Closed-Loop Payment System - DELETED**

Authorizes the Department of Treasury to establish a closed-loop payment processing and digital patient identification delivery and authentication system under which the department creates accounts to be used only by registered participants.

#### **Sec. 944. Pension Plan Consultant Report - REVISED**

Requires Treasury to retain a copy of any report received from a pension plan consultant and make available upon request. A notification that a report was received shall be made to the subcommittees on General Government, fiscal agencies, and State Budget Director. Included in the notification shall be a rationale for the retention of a pension plan consultant. Revises to eliminate requirement that notification shall include a rationale for the retention of a pension plan consultant.

#### **Sec. 949g. Urban Search and Rescue Task Force - DELETED**

Allocates \$900,000 to the urban search and rescue task force. Requires the task force to provide reports on FY 2016-17 revenues and expenditures, proposed FY 2017-18 grant expenditures, and a final report on FY 2017-18 grant expenditures.

#### **Sec. 949k. Transformational Brownfield Plan Payments – NEW**

Appropriates an amount sufficient to recognize and pay an amount equal to the captured tax revenues due under approved Transformational Brownfield Plans, as provided by law.

### **TREASURY – REVENUE SHARING**

#### **Sec. 952. City, Village, and Township (CVT) Revenue Sharing and County Incentive Program - REVISED**

Specifies distribution of \$248.8 million to all CVTs with a population of 7,500 or more by providing an eligible payment equal to 100% of the FY 2016-17 payment to all CVTs that were eligible for a payment in FY 2016-17. In order to qualify for its eligible payment, a CVT is required to comply with the items listed under accountability and transparency. To qualify for county incentive payment, counties are required to comply with the items listed under accountability and transparency. Any unexpended funds are directed to be deposited in the Financial Distressed CVTs program in Sec. 956, subject to approval of transfers. Revises to distribute \$243.0 million to all CVTs that received a payment above \$4,500 in Sec. 950(2) of 2009 PA 128. CVTs would be eligible to receive a payment equal to 78.51044% of its payment received under Sec. 950(2) of 2009 PA 128 if transparency and accountability requirements are met.

### **TREASURY – BUREAU OF STATE LOTTERY**

#### **Sec. 964. Promotion and Advertising Appropriation - REVISED**

Appropriates 1% of the Bureau of State Lottery's prior fiscal year's gross sales or \$30.0 million, whichever is less, for promotion and advertising. Revises to authorize the Bureau of State Lottery to spend 1% of the prior fiscal year's gross sales for promotion and advertising.

**Supplemental Recommendations for FY 2017-18 Appropriations**

**FY 2017-18  
Recommendation**

**1. *Protecting Local Government Retirement and Benefits Act***

Includes \$250,000 GF/GP to reflect costs associated with implementing and administering 2017 PA 202. Appropriation supports the monitoring, evaluating, and reporting on pension and retirement health benefit plans offered by 1,400 local units of government.

FTE	1.3
<b>Gross</b>	<b>\$250,000</b>
GF/GP	\$250,000

**2. *Trial Court Funding Commission***

Includes \$200,000 GF/GP to reflect costs associated with implementing 2017 PA 65, which established the Trial Court Funding Commission. Appropriation supports the efforts of the commission to review and recommend changes to the trial court funding system after determining how the courts impose and allocate fees and costs.

FTE	1.0
<b>Gross</b>	<b>\$200,000</b>
GF/GP	\$200,000

**Summary: Executive Budget Recommendation  
for Fiscal Year 2018-19  
DEPARTMENT TALENT AND ECONOMIC DEVELOPMENT**



Analyst: Ben Gielczyk

	FY 2017-18	FY 2018-19	Difference: FY 2018-19	
	Year-to-Date as of 2/8/18	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	762,144,800	762,645,800	501,000	0.1
Local	500,000	500,000	0	0.0
Private	5,620,900	5,621,700	800	0.0
Restricted	206,056,700	183,432,300	(22,624,400)	(11.0)
GF/GP	205,099,400	166,745,800	(38,353,600)	(18.7)
<b>Gross</b>	<b>\$1,179,421,800</b>	<b>\$1,118,945,600</b>	<b>(\$60,476,200)</b>	<b>(5.1)</b>
FTEs	1,453.0	1,456.0	3.0	0.2

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 8, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Department of Talent and Economic Development (DTED) includes the Michigan Strategic Fund, Talent investment Agency, Workforce Development Agency, Unemployment Insurance Agency, Land Bank Fast Track Authority, and Michigan State Housing Development Authority. Collectively, DTED includes programs and resources designed to increase job creation, job preparedness, job training, economic development, and create and preserve safe and affordable housing in the State of Michigan.

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>		<b>FY 2017-18 YTD (as of 2/8/18)</b>	<b>Executive Change from YTD</b>
<b>1. Business Attraction and Community Revitalization</b>	<b>Gross</b>	<b>\$115,500,000</b>	<b>(\$5,120,100)</b>
Reduces by \$5.1 million Gross (\$7.1 million GF/GP). The GF/GP reduction of \$7.1 million is partially offset by shifting \$2.0 million in 21 <sup>st</sup> Century Jobs Trust Fund from Entrepreneurship Eco-System.	Restricted	21,600,000	2,000,000
	GF/GP	93,900,000	(\$7,120,100)
<b>2. Entrepreneurship Eco-System</b>	<b>Gross</b>	<b>\$19,400,000</b>	<b>(\$500,000)</b>
Reflects a net reduction of \$500,000 Gross and an increase of \$1.5 million GF/GP. Adjustment includes a reduction of \$2.0 million 21 <sup>st</sup> Century Jobs Trust Fund which is moved to Business Attraction and Community Revitalization to partially offset GF/GP reduction in that line item and a reduction of \$1.0 million GF/GP in ongoing appropriations. Includes \$2.5 million GF/GP in FY 2018-19 one-time funds to support business accelerators.	Restricted	18,400,000	(2,000,000)
	GF/GP	\$1,000,000	\$1,500,000
<b>3. Going Pro</b>	<b>Gross</b>	<b>\$41,908,300</b>	<b>(\$1,000,000)</b>
Reflects a net reduction of \$1.0 million Gross and an increase of \$24.0 million GF/GP. Adjustment includes the replacement of \$15.0 million in ongoing restricted Contingent Fund, Penalty and Interest Account funds with an equal amount of GF/GP. Replaces FY 2017-18 one-time appropriation of \$10.0 million Contingent Fund, Penalty and Interest Account with \$9.0 million GF/GP one-time appropriation in FY 2018-19. FY 2018-19 Executive Recommendation totals \$40.9 million Gross (\$25.0 million GF/GP).	Restricted	40,908,300	(25,000,000)
	GF/GP	\$1,000,000	\$24,000,000
<b>4. Community Ventures</b>	FTE	7.0	0.0
Reduces by \$3.3 million Contingent Fund, Penalty and Interest Account. Funds are shifted to Community College Skilled Trades Training Program debt service line item to offset GF/GP funds in that line item. FY 2018-19 line item is funded at \$5.0 million Contingent Fund, Penalty and Interest Account. NOTE: \$1.5 million Contingent Fund, Penalty and Interest Account and 7.0 FTEs are shifted to Workforce Program Administration to consolidate Talent Investment Agency (TIA) employees into one appropriation line item.	<b>Gross</b>	<b>\$9,806,700</b>	<b>(\$3,300,000)</b>
	Restricted	9,500,000	(2,993,300)
	GF/GP	\$306,700	(\$306,700)

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>		<b>FY 2017-18 YTD (as of 2/8/18)</b>	<b>Executive Change from YTD</b>
<b>5. Community College Skilled Trades Training Program Debt Service</b>	<b>Gross</b>	<b>\$4,600,000</b>	<b>\$0</b>
Replaces \$4.6 million GF/GP with an equal amount of Contingent Fund, Penalty and Interest (\$3.0 million of total shifted from Community Ventures) for a net change of \$0 Gross.	Restricted	0	4,600,000
	GF/GP	\$4,600,000	(\$4,600,000)
<b>6. Land Bank Fast Track Fund Operations</b>	FTE	6.0	3.0
Reduces by \$1.0 million GF/GP to reflect reduced costs associated with Land Bank Fast Track Authority operations. Includes 3.0 FTE positions to align totals with the number of funded positions.	<b>Gross</b>	<b>\$5,259,100</b>	<b>(\$1,000,000)</b>
	Federal	1,000,000	0
	Restricted	298,400	0
	GF/GP	\$3,960,700	(\$1,000,000)
<b>7. Other One-Time Appropriations</b>	<b>Gross</b>	<b>\$51,097,000</b>	<b>(\$51,096,900)</b>
Removes a total of \$51.1 million GF/GP in one-time appropriations. Appropriations include Michigan Enhancement Grants (\$35.9 million GF/GP), Arts and Cultural Grants (\$1.0 million GF/GP), DTED – grants (\$2.7 million GF/GP), Protect and Grow (\$1.0 million GF/GP), Talent Marketing (\$5.0 million GF/GP), Dropout Support and Career Training Grants included in the Going Pro line item (\$1.5 million GF/GP), Jobs for Michigan Grads program included in the Going Pro line item (\$3.0 million GF/GP), and a Van Andel Institute grant included in the Entrepreneurship Eco-System line item (\$1.0 million GF/GP). Includes new \$100 restricted for Drinking Water Declaration of Emergency placeholder to accommodate future transfer needs.	Restricted	0	100
	GF/GP	\$51,097,000	(\$51,097,000)
<b>8. Technical Fund Source Adjustments to Align with Available Revenues</b>	<b>Gross</b>	<b>NA</b>	<b>(\$1,653,900)</b>
Removes \$1.7 million Gross (\$0 GF/GP) in federal and state restricted appropriation authorization to align fund sources with actual revenues.	Federal	NA	(1,622,100)
	Restricted	NA	(31,800)
	GF/GP	NA	\$0
<b>9. Workforce Development Programs</b>	<b>Gross</b>	<b>\$3,499,400</b>	<b>\$501,000</b>
Includes \$501,000 in Federal Department of Agriculture, Employment and Training funds to accommodate the receipt of a new federal award for the existing Food Assistance, Employment and Training workforce development program.	Federal	3,499,400	501,000
	GF/GP	\$0	\$0
<b>10. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$2,693,700</b>
Reflects increased costs of \$2.7 million Gross (\$270,200 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	1,622,100
	Private	NA	800
	Restricted	NA	800,600
	GF/GP	NA	270,200

### **Major Boilerplate Changes From FY 2017-18**

#### **Sec. 1007. Program Reporting Requirements - DELETED**

Requires report on grants, investments, and activities of each program administered by MSF or MEDC, including spending and FTEs; requires report on tourism promotion and business marketing expenditures and revenues by source. Additionally requires report to include the budget for the MSF and MEDC for the prior fiscal year including all corporate revenue by source, all expenditures by core focus, number of positions at the MEDC, the corporate fund balance remaining at the end of the fiscal year, the total amount of work project funding spent during the previous fiscal year, all work project funding that is being carried forward, and the difference between the enacted budget and final expenditures for the previous fiscal year. Requires performance metrics report on the Michigan Business Development Program and the Community Revitalization program.

#### **Sec. 1010. Jobs for Michigan Investment Fund Report - DELETED**

Requires report on revenues and expenditures, including year-end balance of the Jobs for Michigan Investment Fund.

#### **Sec. 1011. Disposition of Unexpended Funds - REVISED**

Requires unexpended and unencumbered funds at the end of the fiscal year to be disposed of in accordance with the Management and Budget Act unless carry forward authorization has otherwise been provided. Revises to include subsection that authorizes any carry forward authorization through a work project shall be preserved until a cash or accrued expenditure has been executed or the allowable work project time period has expired.

#### **Sec. 1033. Film and Digital Media Office Status Report - DELETED**

Requires annual activities report from the Michigan Film and Digital Media Office. The report shall include a listing of all projects that received assistance from the office, a listing of the services provided for each project, and an estimate of the investment leveraged.

#### **Sec. 1040. MAIN System Reporting – DELETED**

Requires MSF to use MAIN or a DTMB-administered successor program to report encumbrances and expenditures.

## **Major Boilerplate Changes From FY 2017-18**

### **Sec. 1041. Business Attraction and Community Revitalization Transfer of Funds – DELETED**

Requires MSF to request not more than 60% of the funds appropriated for Business Attraction and Community Revitalization prior to April 1.

### **Sec. 1047. Michigan Enhancement Grants - DELETED**

Specifies individual grants included in the Michigan Enhancement Grant line item totaling \$35.9 million GF/GP: playground project in Commerce Township (\$100,000); Sanilac FFA "miracle of life" barn (\$35,000); St. Clair River seawall (\$500,000); St. Clair highway bridge (\$2,700,000); Oakland Hope (\$100,000); Michigan Works! retirement shortfall (\$800,000); Sault Sainte Marie Carbide Docks (\$1,000,000); Hillsdale Veteran Affairs Scholarship Program (\$12,000); Plymouth Township intersection upgrade (\$1,000,000); Albion Water Tower Upgrade (\$500,000); Holy Cross Services (\$1,500,000); Gianna House (\$100,000); Livonia Rotary Park accessible playground (\$300,000); Botsford Park upgrade to outdoor pool (\$70,000); Child Restraint Safety Program Awareness Campaign (\$300,000); Former Detroit House of Corrections demolition and cleanup (\$1,500,000); No Wrong Door Program – Wayne County (\$250,000); South Michigan Center for Science and Industry (\$800,000); Voss Park – baseball diamonds upgrades (\$300,000); Salem Township Urban Services District (\$10.0 million); Harvey Street woonerf project (\$1,000,000); Grand Rapids Civic Theatre (\$1,000,000); Lowell Showboat Replacement (\$1,000,000); Dixie Highway Federal Match (\$1,000,000); KVCC Healthy Living Campus (\$2,000,000); White Lake Township Road Infrastructure Improvement (\$750,000); Muskegon County/Coopersville Wastewater Treatment Improvement (\$2,500,000); Monroe County ISD Career Tech Equipment (\$40,000); Ida School District CAD equipment (\$70,000); Whites Bridge Rebuild – Ionia County (\$350,000); Village of Lexington Master Plan Study (\$120,000); Grand Rapids Dam Removal (\$1,500,000); Mackinaw Cutter Repainting (\$300,000); LSSU power grid improvements (\$300,000); Zeeland Interchange Upgrade (\$2,000,000); National Sportsman Caucus National Meeting – Traverse City (\$100,000).

### **Sec. 1048. Van Andel Institute Grant - DELETED**

Appropriates \$1.0 million of funding appropriated for Entrepreneurship Eco-System in part 1 to the Van Andel Institute.

### **Sec. 1051. Talent Marketing Performance Measures - DELETED**

Requires department to identify specific performance measures for the Talent Marketing appropriations; provides two performance measures.

### **Sec. 1052. Project Rising Tide Performance Measures - DELETED**

Requires department to identify specific performance measures for the Project Rising appropriations; provides two performance measures.

### **Sec. 1053. Arts and Cultural Grants Performance Measures - DELETED**

Requires department to identify specific performance measures for the Arts and Cultural Grants appropriations; provides three performance measures.

### **Sec. 1054. Protect and Grow Performance Measures - DELETED**

Requires department to identify specific performance measures for the Protect and Grow appropriations; provides two performance measures; includes reporting requirement.

### **Sec. 1055. City Park Development Project – DELETED**

Requires \$500,000 GF/GP appropriated in part 1 for DTED – grants to be awarded as a matching grant to a park development project at Riverbend Park in Rochester Hills.

## **DTED – TALENT INVESTMENT AGENCY**

### **Sec. 1065. Going Pro Program - REVISED**

Requires TIA to publish data and reports on March 15 and September 30 on the Going Pro Program. Requires the Department of Talent and Economic Development to expand workforce training and re-employment services to better connect workers to in-demand jobs and identify specific outcomes with performance metrics for this initiative. Revises to remove reference to individuals enrolled in skilled trades training program and includes number of individuals enrolled in classroom training, on the job training, and new USDOL registered apprentices. Aligns metric measurements with those required for Going Pro in FY 2017-18 Section 1084.

### **Sec. 1067. Helmets to Hardhats Program Grant - DELETED**

Requires \$200,000 GF/GP appropriated in part 1 for DTED - grants to be awarded to a national, nonprofit organization that connects National Guard, Reserve, retired, and transitioning active-duty military service members with skilled training and quality career opportunities in the construction industry. Funds must be used to recruit and assist military veterans transition into apprenticeship programs in the state of Michigan.

### **Sec. 1069. Focus: Hope Grant – DELETED**

Requires \$2.0 million GF/GP appropriated in part 1 for DTED - grants to be awarded to Focus: Hope for programming needs.

### **Sec. 1070. Dropout Support and Career Training Grant - DELETED**

Requires \$1.5 million of the funds appropriated for Going Pro to support a pilot program to assist adults over the age of 23 in obtaining high school diplomas and placement in career training programs. Provides requirements to qualify as an eligible program provider. Provides detailed reimbursement rates for certain performance measures.

## **Major Boilerplate Changes From FY 2017-18**

### ***Sec. 1071. Dropout Prevention and Recovery Program for Michigan Youth – DELETED***

Requires \$3.0 million from the funds appropriated for Going Pro to be awarded to an existing dropout prevention and recover program for Michigan youth.

### ***Sec. 1080. Community Ventures Matching Funds - DELETED***

Stipulates that up to \$2.0 million funding in part 1 for the Community Ventures may be used for a matching program (\$1 for \$1) if private funds are raised.

### ***Sec. 1081. Statewide Data System Integration Performance Metrics - DELETED***

Requires the Department to identify specific outcomes and performance metrics for the increased funds in part 1 associated with the Statewide Data System Integration line item. Provides nonexclusive list of performance metrics to be used. Status report required by March 15.

### ***Sec. 1082. Sustainable Employment Pilot Program - DELETED***

Requires a status update on the usage of the funds appropriated for the Sustainable Employment Pilot Program. Provides requested reporting metrics.

### ***Sec. 1084. Going Pro Performance Measures - DELETED***

Requires department to identify specific performance measures for the Going Pro appropriations; provides three performance measures.